

Control Number: 48787



Item Number: 7

Addendum StartPage: 0

RECEIVED

PUC DOCKET NO. 48787
SOAH DOCKET NO. 473-19-1266 2018 NOV 14 PM 3: 56

JOINT APPLICATION OF LCRA §
TRANSMISSION SERVICES §
CORPORATION AND AEP TEXAS, §
INC. TO AMEND CERTIFICATES FO §
CONVENIENCE AND NECESSITY §
FOR THE BAKERSFIELD TO §
SOLSTICE 345-KV TRANSMISSION §
LINE PROJECT IN PECOS COUNTY §

PUBLIC UTILITY COMMISSION
OF TEXAS

**ORDER OF REFERRAL
AND PRELIMINARY ORDER**

On November 7, 2018, LCRA Transmission Services Corporation and AEP Texas, Inc. filed a joint application with the Public Utility Commission of Texas to amend their respective certificates of convenience and necessity (CCN) for a 345-kilovolt (kV) transmission line in Pecos County.

The Commission refers this docket to the State Office of Administrative Hearings (SOAH) and requests the assignment of an administrative law judge (ALJ) to conduct a hearing and issue a proposal for decision, if such is necessary in the event one or more issues are contested by the parties. The Commission has delegated authority to Commission Advising and Docket Management to issue this preliminary order, which is required under Texas Government Code § 2003.049(e).

All subsequent pleadings in this docket must contain both the SOAH and PUC docket numbers to allow for efficient processing. Parties shall make filings in accordance with 16 Texas Administrative Code (TAC) § 22.71(c) regarding the number of copies to be filed or 16 TAC § 22.71(d)(1)(C) regarding the number of confidential items to be provided. In addition, if any party has filed confidential material before referral of this matter to SOAH, that party must provide a copy of each such confidential filing to the SOAH ALJ assigned to this matter, if ordered.

I. Procedural History

The proposed project is designated as the Bakersfield to Solstice Transmission Line Project. The proposed transmission line project consists of a 345-kV double-circuit transmission line with an initial single circuit installed from Bakersfield to Solstice. The LCRA Transmission Services Corporation Bakersfield Station is located approximately 6 miles north of interstate highway 10 and 1 mile west of farm-to-market road 1901. The AEP Texas, Inc. Solstice Switch Station is located along interstate highway 10 approximately 29 miles west of the City of Fort Stockton and near Hovey Road. The total estimated cost for the project ranges from approximately \$194 million to \$237 million. The proposed project is presented with 25 alternate routes ranging from approximately 68 miles to approximately 92 miles.

Any route presented in the application could, however, be approved by the Commission. Any combination of routes or route links could also be approved by the Commission.

The Electric Reliability Council of Texas (ERCOT) has deemed this transmission line as critical to the reliability of the ERCOT system.

LCRA Transmission Services Corporation and AEP Texas, Inc. hosted a public meeting for the project on July 12, 2018, from 5:30 p.m. to 8:00 p.m., in Fort Stockton, Texas, at the Pecos County Civic Center. LCRA Transmission Services Corporation and AEP Texas, Inc. mailed (a) approximately 1,440 notices to owners of land within 500 feet of the centerline for each preliminary alternative route segments; (b) notices to local officials, other interested parties, and the U.S. Department of Defense Siting Clearinghouse, which included a map of the study area depicting the preliminary alternative route segments and a frequently asked questions document; and (c) provided newspaper publication in the *The Fort Stockton Pioneer* on July 5 and 12, 2018.

Motions to intervene filed by Oncor Electric Delivery Company LLC on November 7, 2018, and by Occidental Permian Ltd., Oxy Delaware Basin, LLC, Oxy USA, Inc., Oxy USA WTP LP, Houndstooth Resources, LLC, and Occidental West Texas Overthrust, Inc. on November 8, 2018, have not been ruled on.

II. Deadline for Decision

Under 16 TAC § 25.101(b)(3)(D), the Commission shall consider any application for transmission lines that are designated by the ERCOT ISO as critical to the reliability of the ERCOT system on an expedited basis. The Commission shall render a decision approving or denying any such application for a CCN within 180 days of the date of filing a complete CCN application, unless good cause is demonstrated for extending such a period. Therefore, a Commission decision must be issued by May 6, 2019.

III. Conditional Approval

If the Commission determines that it should approve this application and grant the amendment to LCRA Transmission Services Corporation and AEP Texas, Inc.'s respective CCNs, the Commission will limit the authority granted in the order. The authority granted by the order will be limited to a period of seven years from the date the order is signed unless, before that time, the transmission line is commercially energized. It is reasonable, appropriate, and in the public interest for a CCN order not to be valid indefinitely because it is issued based on the facts known at the time of issuance. The Commission may extend the seven-year time period if the applicant shows good cause. However, Issue 8 below under the issues to be addressed allows the parties to demonstrate that the circumstances of this line are such that the above condition should be changed (e.g., a longer period of time may be more appropriate).

IV. Issues to be Addressed

Under Texas Government Code § 2003.049(e), the Commission must provide to the ALJ a list of issues or areas to be addressed in any proceeding referred to the SOAH. The Commission identifies the following issues that must be addressed in this docket:

Application

1. Is LCRA Transmission Services Corporation and AEP Texas, Inc.'s application to amend their respective CCNs adequate? Does the application contain an adequate number of reasonably differentiated alternative routes to conduct a proper evaluation? In answering this question, consideration must be given to the number of proposed alternatives, the locations of the

proposed transmission line, and any associated proposed facilities that influence the location of the line. Consideration may also be given to the facts and circumstances specific to the geographic area under consideration, and to any analysis and reasoned justification presented for a limited number of alternative routes.¹ A limited number of alternative routes is not in itself a sufficient basis for finding an application inadequate when the facts and circumstances or a reasoned justification demonstrates a reasonable basis for presenting a limited number of alternatives. If an adequate number of routes is not presented in the application, the ALJ shall allow LCRA Transmission Services Corporation and AEP Texas, Inc. to amend the application and to provide proper notice to affected landowners; if LCRA Transmission Services Corporation and AEP Texas, Inc. choose not to amend the application, the ALJ may dismiss the case without prejudice.

Need

2. Are the proposed facilities necessary for the service, accommodation, convenience, or safety of the public within the meaning of PURA² § 37.056(a) taking into account the factors set out in PURA § 37.056(c)? In addition,
 - a) How does the proposed facility support the reliability and adequacy of the interconnected transmission system?
 - b) Does the proposed facility facilitate robust wholesale competition?
 - c) What recommendation, if any, has an independent organization, as defined in PURA § 39.151, made regarding the proposed facility?
 - d) Is the proposed facility needed to interconnect a new transmission service customer?
3. Is the transmission project the better option to meet this need when compared to employing distribution facilities? If LCRA Transmission Services Corporation and AEP Texas, Inc.

¹ See *Application of Wood County Electric Cooperative, Inc. for a Certificate of Convenience and Necessity for a Proposed Transmission Line in Wood County, Texas*, Docket No. 32070, Order on Appeal of Order No. 8 at 6 (Nov. 1, 2006).

² Public Utility Regulatory Act, Tex. Util. Code §§ 11.013–66.016 (PURA).

are not subject to the unbundling requirements of PURA § 39.051, is the project the better option to meet the need when compared to a combination of distributed generation and energy efficiency?

Route

4. Which proposed transmission line route is the best alternative weighing the factors set forth in PURA § 37.056(c) and 16 TAC § 25.101(b)(3)(B)?
5. Are there alternative routes or facilities configurations that would have a less negative impact on landowners? What would be the incremental cost of those routes?
6. If alternative routes or facility configurations are considered due to individual landowner preference:
 - a) Have the affected landowners made adequate contributions to offset any additional costs associated with the accommodations?
 - a) Have the accommodations to landowners diminished the electric efficiency of the line or reliability?

Texas Parks and Wildlife Department

7. On or after September 1, 2009, did the Texas Parks and Wildlife Department provide any recommendations or informational comments regarding this application pursuant to Section 12.0011(b) of the Texas Parks and Wildlife Code? If so, please address the following issues:
 - a) What modifications, if any, should be made to the proposed project as a result of any recommendations or comments?
 - b) What conditions or limitations, if any, should be included in the final order in this docket as a result of any recommendations or comments?
 - c) What other disposition, if any, should be made of any recommendations or comments?
 - d) If any recommendation or comment should not be incorporated in this project or the final order, or should not be acted upon, or is otherwise inappropriate or

incorrect in light of the specific facts and circumstances presented by this application or the law applicable to contested cases, please explain why that is the case.

Other Issues

8. Are the circumstances for this line such that the seven-year limit discussed in section III of this order should be changed?

This list of issues is not intended to be exhaustive. The parties and the ALJ are free to raise and address any issues relevant in this docket that they deem necessary, subject to any limitations imposed by the ALJ or by the Commission in future orders issued in this docket. The Commission reserves the right to identify and provide to the ALJ in the future any additional issues or areas that must be addressed, as permitted under Texas Government Code § 2003.049(e).

V. Issue Not To Be Addressed

The following issue should not be addressed in this proceeding for the reasons stated:

1. What is the appropriate compensation for right-of-way or condemnation of property?

The Commission does not have the authority to adjudicate or set the amount of compensation for rights-of-way or for condemnation.

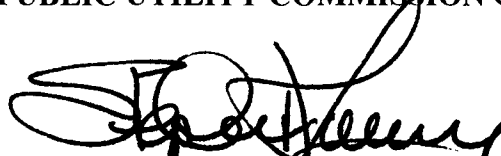
VI. Effect of Preliminary Order

The Commission's discussion and conclusions in this order regarding issues that are not to be addressed should be considered dispositive of those matters. Questions, if any, regarding issues that are not to be addressed may be certified to the Commission for clarification if the SOAH ALJ determines that such clarification is necessary. As to all other issues, this order is preliminary in nature and is entered without prejudice to any party expressing views contrary to this order before the SOAH ALJ at hearing. The SOAH ALJ, upon his or her own motion or upon motion of any party, may deviate from this order when circumstances dictate that it is reasonable to do so. Any ruling by the SOAH ALJ that deviates from this order may be appealed to the Commission. The

Commission will not address whether this order should be modified except upon its own motion or the appeal of a SOAH ALJ's order. Furthermore, this order is not subject to motions for rehearing or reconsideration.

SIGNED AT AUSTIN, TEXAS the 14th day of November, 2018.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, appearing to read "Stephen Journey", is written over a horizontal line.

STEPHEN JOURNEY, DIRECTOR
COMMISSION ADVISING AND DOCKET MANAGEMENT

q:\cadm\orders\referral\48000\48787 ccn referral ercot-2017.docx

